

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

United States of America,

v.

Metalor USA Refining Corporation,

Defendant.

Cr. No. 04 CR 10003 - 001 - MEL

AFFIDAVIT OF STEVEN CROGAN

STEVEN F. CROGAN, states:

1. I am the Director of Security & Anti-Money Laundering ("AML") Compliance for Metalor USA Refining Corporation ("Metalor" or the "Company"). I was hired by Metalor in February 2007 as their Director of Security. I assumed the role of Compliance Officer in September 2007. I submit this affidavit in connection with Metalor's Unopposed Motion for Early Termination of Probation.
2. Prior to assuming my current position, I spent 32 years with U.S. Immigration and Customs Enforcement ("ICE"). I was a Supervisor with ICE for nearly 20 years, at times managing several dozen ICE Special Agents, Intelligence Analysts, and support staff. In this capacity, I supervised dozens of money laundering investigations.
3. My primary responsibility at Metalor is to administer the Company's AML Compliance Program consistent with Metalor's AML Compliance Policy. A true and correct copy of Metalor's Anti-Money Laundering Policy and Program and AML Program Procedures dated August 29, 2007 is appended hereto under Tab 1. Metalor's

current AMI. Policy was first drafted in 2004 and the August 29, 2007 policy is the most updated version. As part of this program, Metalor has established a Compliance Committee, of which I am a member. This Committee is charged with oversight responsibility for quarterly reporting and AML monitoring pursuant to the conditions of Metalor's Probation. Under the Committee's charge, Metalor has conducted training programs and undertaken due diligence with respect to over six dozen international customers.

4. As of June 2008, the Compliance Committee has completed 16 quarterly reviews. Metalor has also hired Affiliated Monitors, Inc. ("AMI"), as an independent monitor and AMI conducts its own quarterly reviews. A true and correct copy of the Ninth Quarterly Monitoring Report by Affiliated Monitors, Inc. for the Three Month Period from October 1, 2007 through December 31, 2007 dated April 10, 2008 is appended hereto under Tab 2.

5. During my tenure with Metalor, I have participated in numerous AML and due diligence trainings for government personnel and potential customers within the precious metals industry. As examples, I have conducted the following training programs:

- a) March 2007: AML training for five government personnel at the American Embassy in Bogota, Colombia;
- b) September 2007: training of refining business customers at the International Mining Show in Medellin, Colombia;
- c) February 2008: training of 85 individuals, including California ICE agents and members of the Los Angeles Police Department in Los Angeles, California;
- a) March 2008: training for 12 government personnel, including members of an ICE Trade Transparency Unit, in Washington D.C.;

- b) March 2008: AML diligence and compliance presentation to the International Precious Metals Institute Security Council in New Orleans;
- c) April 2008: training and presentation on AML awareness for DEA and ICE Country Attaches at the United States embassies in Bogota, Colombia and Santo Domingo, Dominican Republic;

6. During its period of probation, Metalor has directly assisted government and law enforcement agencies by providing intelligence on AML compliance within the precious metals industry. From 2004 through 2008, Metalor has made over 50 intelligence referrals to ICE and DEA offices in Boston, Los Angeles, New York, Miami, Toronto, the Dominican Republic, Colombia, Panama, and Mexico. Metalor's performance on Probation was noted by the Special Agent in Charge of the Boston ICE office, who informed Metalor that the Company's performance while on Probation has been "commendable." A true and correct copy of the April 15, 2008 letter from Special Agent in Charge Bruce M. Foucart is appended hereto under Tab 3.

7. Metalor has also experienced an overhaul in the management of its U.S. operations since the misconduct that led to its 2004 conviction. Prior management has been replaced in five senior positions, including General Manager, Chief Financial Officer, Director of Sales and Marketing-Refining, Operations Manager, and Director of Security and AML Compliance.

8. As a former law enforcement official with responsibility for investigating money laundering offenses, I have been particularly impressed not just with how Metalor has fulfilled the specific requirements of its probationary terms, but also with the manner in which the Company has completely supported my efforts to move aggressively in this area to become an industry leader in the implementation of AML policies, to be a source

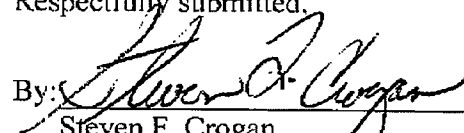
for law enforcement, and to otherwise commit itself to adopting preventative measures to ensure that it complies with the AML laws.

9. The Company is certainly positioned to continue fulfilling its obligations under the terms of its probation through the end of the five-year probationary period in January 2009. Metalor's Swiss parent, however, is in the midst of a significant financial transaction affecting the entire company. Specifically, the parent entity, Metalor Technologies International SA, based in Neuchatel, Switzerland, has retained investment bank Credit Suisse to effect the potential sale of the company or a possible public offering. The outstanding probationary term and the inherent risk it entails, threatens to jeopardize this transaction. Given the price volatility of the precious metals market, which is currently trading at high levels, waiting until 2009 to proceed with this transaction could also cause a substantial reduction in the value of Metalor.

I declare under the pains and penalties of perjury on June 17, 2008, that the foregoing is true and correct to the best of my knowledge.

Respectfully submitted,

By:



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June 17, 2008